

Message Text

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67

ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 EB-07

NRC-05 TRSE-00 ERDA-05 COME-00 MC-02 AID-05 ACDA-05

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R 100130Z NOV 75

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 7560

C O N F I D E N T I A L TAIPEI 7210

E.O. 11652: GDS

TAGS: MASS, TW

SUBJECT: MUNITIONS CONTROL AND AGENT FEES

REF: STATE 255260

1. EMBASSY AND MAAG HAVE REVIEWED PROPOSED CHANGE IN THE INTERNATIONAL TRAFFIC IN ARMS REGULATIONS DESCRIBED REFTEL AND WE BELIEVE THE GOVERNMENT OF THE REPUBLIC OF CHINA WOULD NOT OBJECT TO A REGULATION REQUIRING DISCLOSURE OF CONTINGENT FEES OR COMMISSIONS. THE GROC HAS A CONTINUING ACTIVE CAMPAIGN TO ELIMINATE CORRUPTION AND SUCH USG ACTION WOULD PROBABLY BE VIEWED AS A POSITIVE STEP TO AVOID CORRUPTION IN THE PURCHASE OF WEAPONS.

2. MAAG FORMALLY NOTIFIED THE MINISTRY OF NATIONAL DEFENSE IN SEPTEMBER OF THE CHANGE IN DOD POLICY CONCERNING AGENT FEES UNDER THE FOREIGN MINISTRY SALES ACT DESCRIBED REFTEL. THE GROC DID NOT HAVE ANY PROBLEM WITH THIS CHANGE AND DID NOT REQUEST ANY DEVIATIONS FROM THE ESTABLISHED POLICY.

3. GROC MILITARY PROCUREMENT TO DATE HAS BEEN PRINCIPALLY THROUGH US FMS CHANNELS WITH VERY LITTLE THIRD COUNTRY OR
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COMMERCIAL PROCUREMENT. A RECENT COMMERCIAL AGREEMENT WITH

A US FIRM TO PRODUCE PSMM'S FOR THE ROC NAVY IS THE FIRST
SIGNIFICANT COMMERCIAL CONTRACT SIGNED BY THE GROC. TO OUR
KNOWLEDGE WHILE THE GROC DOES HAVE LAWS AGAINST BRIBERY, IT
DOES NOT HAVE SPECIFIC LAWS OR REGULATIONS RELATING TO DIS-
LOSURE OF CONTINGENT FEES OR COMMISSIONS. WE BELIEVE IT
IS UNLIKELY THAT THE GROC WILL TAKE STEPS TO ASSERT TIGHTER
CONTROL OF AGENT INVOLVEMENT IN SALES TO GOVERNMENTS UNLESS
OR UNTIL IT IS REQUIRED TO DO SO AS A CONSEQUENCE OF A
MAJOR CASE OF CORRUPTION.
UNGER

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Message Attributes

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06 JUL 2006

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